



Office of Performance Evaluations Idaho State Legislature

Report 00-04

November 2000

A Review of Selected Wildlife Programs at the Department of Fish and Game

On June 12, 2000 the Joint Legislative Oversight Committee requested an evaluation of four issues regarding the Department of Fish and Game. This report addresses two of these issues, the department's administration of the bighorn sheep tag lottery and auction programs and its interaction with other agencies involved in wildlife disease research. Questions brought to the Oversight Committee regarding the auction and lottery focused on whether adequate legal and accounting procedures were in place to protect public interests. Concerns regarding wildlife disease research programs at the department's Wildlife Health Laboratory and the University of Idaho's Caine Veterinary Teaching Center focused on reports of unclear lines of authority and accountability and of poor information sharing among agencies.

We asked:

- How well has the Idaho Department of Fish and Game administered the bighorn sheep tag lottery and auction? What revenues have been generated from the lottery and auction and how has the department used these revenues? Has the department established adequate legal and accounting procedures to ensure responsible management of these programs?
- How well have the Department of Fish and Game, Department of Agriculture, and the University of Idaho's Caine Veterinary Teaching Center worked together in conducting wildlife disease research

programs? Have clear lines of authority and accountability been established? To what extent have these entities established effective communication and information sharing mechanisms?

To answer these questions, we reviewed Idaho Code, legislative committee hearing minutes, and Fish and Game Commission meeting minutes. We reviewed program records, contracts, protocols and procedures, and technical reports. We reviewed revenue and expense reports of the non-profit organizations that administer the two bighorn sheep tag programs, and income and expenditure reports from the Statewide Accounting and Reporting System (STARS). Throughout, we focused on review of the tag programs as described in Idaho Code without examining issues of program constitutionality. We also interviewed personnel from the Department of Fish and Game, Department of Agriculture, the University of Idaho, and the non-profit organizations that administer the lottery and auction programs.

Overall, we conclude:

- **Bighorn Sheep Lottery and Auction.** The Department of Fish and Game has provided insufficient oversight of the bighorn sheep tag lottery and auction programs to ensure the public's interests in these programs are adequately protected. As authorized in statute, the department has contracted with two non-profit

This report was completed at the request of the Joint Legislative Oversight Committee under the authority of Idaho Code § 67-457 through § 67-464. Questions about the report may be directed to the Office of Performance Evaluations, P.O. Box 83720, Boise, ID 83720-0055, or phone (208) 334-3880.

organizations to administer the lottery and auction programs. Although these programs have generated substantial revenue for bighorn sheep management, the department has not taken the necessary steps to ensure the correct receipt of revenue from these contractors, nor has it adequately monitored contract provisions.

- **Wildlife and Domestic Animal Disease Research.** Participating agencies have improved interagency relations by forming an informal oversight committee and developing a process for allocating annual funding of \$100,000 for wildlife disease research. However, the department should work with the participating agencies to develop a formal agreement regarding the Oversight Committee's roles and responsibilities. In addition, the committee should report its progress to policymakers.

BIGHORN SHEEP LOTTERY AND AUCTION ADMINISTERED UNDER CONTRACTS

Legislation passed in 1987 authorizes the Department of Fish and Game to annually auction one Idaho bighorn sheep tag.¹ In 1991, the statute was amended to authorize the department to annually dispose of a second bighorn sheep tag by lottery. To administer the annual lottery and auction programs, the department has contracted with two non-profit organizations, the Idaho Chapter of the Foundation for North American Wild Sheep (Idaho FNAWS) and the National Foundation for North American Wild Sheep (National FNAWS). Statutes allow these non-profit organizations to retain a portion of the total lottery and auction revenues to cover expenses. As shown in Table 1, these tags have generated a total of \$846,516 for the department since the programs began.² In 2000, the lottery and auction tag generated revenues for the department totaling \$36,978 and \$43,700, respectively. In contrast, the 105 bighorn sheep tags

Table 1: Department of Fish and Game Share of Revenues from Bighorn Sheep Tag Lottery and Auction, 1988–2000

<u>Year</u>	<u>Lottery</u>	<u>Auction</u>	<u>Total</u>
1988	NA ^a	\$64,600	\$64,600
1989	NA	34,200	34,200
1990	NA	28,500	28,500
1991	NA	23,700	23,700
1992	\$14,447 ^b	48,450	62,897
1993	8,836	29,450	38,286
1994	12,113	50,000	62,113
1995	20,798	66,500	87,298
1996	40,436	95,950	136,386
1997	31,262	31,350	62,612
1998	36,855	52,250	89,105
1999	41,466	34,675	76,141
2000	36,978	43,700	80,678
TOTAL	\$243,191^c	\$603,325	\$846,516^c

^a The lottery was authorized to begin in 1992.

^b Based on Statewide Accounting and Reporting System records, Idaho FNAWS records indicate \$14,820 was submitted to the department that year.

^c Does not sum due to rounding.

Source: Office of Performance Evaluations' review of information obtained from the department of Fish and Game, National FNAWS, and Idaho FNAWS.

sold through the controlled hunt process generated a total of \$45,623 in 2000.

Statutes specify that revenues generated by the lottery and auction programs are to be used for wild sheep management and research concerning disease interactions between wildlife and domestic livestock.³ The department has used auction and lottery revenues for transplanting bighorn sheep to Idaho, purchasing critical wild sheep habitat, employing field

¹ IDAHO CODE § 36-408(e) (2000).

² FNAWS has supported the department's bighorn sheep program in other ways. National FNAWS has provided grants to the department and supported the Hells Canyon Initiative. Idaho FNAWS has donated equipment and volunteered time to the department.

³ IDAHO CODE § 36-408(e) (2000).

technicians, researching *Pasteurella*-related sheep die-offs, and supporting the state wildlife veterinarian's work at the Wildlife Health Laboratory in Caldwell.

DEPARTMENT OVERSIGHT OF BIGHORN SHEEP TAG LOTTERY IS LACKING

Questions brought to the committee centered on how well the Department of Fish and Game has administered the bighorn sheep lottery and whether public interests have been adequately protected in the department's contract relationship with Idaho FNAWS. To address these questions, we reviewed applicable statutes, the department's contract with Idaho FNAWS, lottery revenue and expense reports, and other available records, and interviewed agency and Idaho FNAWS representatives. We found:

- **The Department of Fish and Game has insufficient records of total lottery receipts and cannot ensure it has received the appropriate amount of funds from the lottery.**

Idaho Code § 36-408(e) requires that the department receive a minimum of 75 percent of total lottery revenues. Up to 25 percent of the proceeds may be retained by the contractor (Idaho FNAWS) for lottery administrative costs. However, the department did not maintain written documentation of gross lottery revenues for the years 1992 to 1995 and 1998 to 2000 in its files, and therefore cannot determine if the appropriate amounts were received in those years. This increased the risk that inaccurate amounts would not be caught and corrected. For example, in 1992, the department may have accepted less than 75 percent of total proceeds from Idaho FNAWS: Idaho FNAWS reports that the lottery generated \$19,760 and it forwarded \$14,820 (75 percent of total proceeds) to the department; however, department records indicate \$14,447 (73 percent of proceeds) was received that year.

In addition, we found:

- **The Department of Fish and Game has not reviewed nor approved contractor administrative costs as required by contract.**

As noted, statutes specify that the contractor may retain no more than 25 percent of gross lottery proceeds for administrative costs. In addition, the department's contract requires Idaho FNAWS to substantiate administrative costs and the department to approve those costs. However, the department has not routinely received nor reviewed the administrative cost information from Idaho FNAWS as required. Instead, each year since 1992, the department has accepted payments for 75 percent of total lottery proceeds without reviewing administrative costs, and allowed Idaho FNAWS to retain the maximum 25 percent of gross proceeds. Although Idaho FNAWS revenue and expense records showed that in six years their administrative costs exceeded 25 percent, in three other years their costs were less than 25 percent of total proceeds. This resulted in Idaho FNAWS retaining \$4,513 over their documented expenses in 1996, and a total of \$517 over expenses in 1997 and 2000 combined. Without reviewing actual administrative cost information, the department cannot determine whether it received the appropriate level of receipts from the contractor each year.

To avoid the risk inherent in the lack of review and further instances in which the department does not receive the correct share of funds from the bighorn sheep tag lottery:

We recommend the Department of Fish and Game take steps to improve its oversight of the bighorn sheep lottery.

To conform to statutory requirements and contract provisions, the department should:

- Request and maintain written documentation of gross lottery proceeds;
- Require the contractor to submit and substantiate lottery expenses according to contract provisions; and
- Define allowable contractor administrative costs and develop a formal process for reviewing and approving these costs not to exceed 25 percent of gross lottery proceeds.

DEPARTMENT OVERSIGHT OF BIGHORN SHEEP TAG AUCTION IS LACKING

As noted, concerns were raised as to whether the department adequately managed the bighorn sheep tag auction. We reviewed statutes, Department of Fish and Game files, contracts, and National FNAWS reports of total auction proceeds, and interviewed agency and National FNAWS representatives.

We found:

- **The Department of Fish and Game’s oversight process has provided insufficient assurance the appropriate amount of auction revenue would be received.**

Statutes specify that the contractor may retain no more than five percent of the successful bid amount from the bighorn sheep tag auction each year. However, the department has not maintained documentation of the successful bid in its files, relying instead on the staff member attending the auction to orally report the highest bid to the Administration Bureau. A review of National FNAWS records reveals that, to date, the department has received the correct amount of funds. However, in the past, the department has not requested nor received the documentation necessary to come to this determination. As a result, the department has not been able to verify how much revenue is due from the contractor and has risked receiving less revenue than statutes require.

Therefore:

We recommend the Department of Fish and Game require the contractor to provide formal documentation of the final bid amount, and retain this information in department files.

Documentation of the final bid amount is already available to the department. The contractor uses an “Auction Bid Ticket,” signed by the winning bidder, to document the final bid amount. The contractor also retains a copy of the winning bidder’s check or other payment record. The department could require the contractor to provide this information when it submits auction revenues each year.

We also found:

- **It is unclear whether statutes permit the transfer and re-auctioning of the bighorn sheep auction tag, as occurred in 1994.**

In 1994, the bighorn sheep tag was auctioned for \$50,000. The purchaser then donated the right to purchase the tag to National FNAWS. National FNAWS auctioned it again, this time generating \$48,000. The total proceeds generated from the tag were \$98,000. The department received \$50,000, calculated as 100 percent of the first bid, and 0 percent of the second bid.

Idaho Code § 36-408(e) does not specifically address whether it is permissible for the winning bidder to transfer this auction tag (or the right to acquire the tag) to another individual or organization, or whether the tag may be re-auctioned. The statute specifies only that the department issue the tag to the highest eligible bidder. Based upon our review of the statute and legislative committee hearing minutes, it does not appear that lawmakers contemplated the transfer and eventual re-auctioning of a tag.

Further, although the department’s 1994 contract with National FNAWS was silent on whether the auction tag (or the right to acquire the tag) could be transferred or re-auctioned, the contract did specify that the department would “issue the 1994 Idaho Special Bighorn Sheep Permit/Tag in the name of the individual bidding the highest price.”⁴ Subsequently, the language in the contract was revised. The 2000 contract specifies that the successful bidder may designate the tag to “one individual qualified to hunt either or both species of bighorn sheep in Idaho.”⁵ Still, the contract is silent as to whether the successful bidder could transfer the tag to an *organization*.

According to a representative of National FNAWS, statutes in some other states specify that the wildlife agency is eligible to receive a percentage of *any* proceeds generated from auctioning their special tag.

⁴ Idaho Department of Fish and Game contract with National FNAWS (1994).

⁵ Idaho Department of Fish and Game contract with National FNAWS (2000).

This provision allows those states to receive a portion of the revenues generated if the tag is re-auctioned. Given similar provisions, the department could have received an additional \$43,100 (bringing the total to 95 percent) from the tag auctions in 1994. Therefore:

We recommend the Fish and Game Commission consider proposing legislation to clarify statutory requirements or take other steps to ensure that it receives a share of any proceeds generated from the bighorn sheep auction tag.

IMPROVEMENTS IN RELATIONS AMONG AGENCIES INVOLVED IN WILDLIFE DISEASE RESEARCH MAY BE SHORT-LIVED

Idaho Code assigns three agencies a role in conducting wildlife disease research. Specifically:

- Statutes establish a state wildlife veterinarian position jointly funded by the Department of Fish and Game and the Department of Agriculture.⁶ The statutes specify that these agencies must agree on the selection of the state wildlife veterinarian and share the veterinarian's services. The veterinarian, in turn, is charged with researching wildlife disease issues and coordinating disease prevention work between the two agencies. The state wildlife veterinarian works at the Wildlife Health Laboratory, a Department of Fish and Game facility on acreage leased from the University of Idaho in Caldwell.⁷
- Statutes also allocate \$100,000 per year in Fish and Game sportsmen license revenue to the University of Idaho's Caine Veterinary Teaching Center in Caldwell for research concerning disease interactions between wildlife and domestic livestock.⁸ Caine Center staff and the state wildlife veterinarian must agree on projects funded with the \$100,000 allocation.

Figure 1 provides an overview of key events in the development of the state wildlife disease research programs.

In the request for this evaluation, concerns were raised that the lines of authority between the three agencies involved in wildlife disease research were not well-defined, and that communication and coordination between the agencies were lacking. To address these concerns, we reviewed Idaho Code, spoke to representatives of each of the agencies and facilities involved in wildlife disease research, and reviewed other available records.

We found:

- **Although recent efforts have improved relations between the Department of Fish and Game and other agencies involved in wildlife disease research, these efforts have not been formalized to help ensure lasting benefit.**

For a number of years, there have been tensions between the agencies involved in wildlife disease research. Most individuals with whom we spoke agreed that much of the friction revolved around the allocation of \$100,000 in license revenues from Fish and Game to the Caine Center since fiscal year 1993, and how these funds were to be used. Between fiscal year 1993 and fiscal year 2000, decisions regarding the use of the \$100,000 wildlife disease research funding were made informally by Caine Center staff after consulting with the state wildlife veterinarian. According to the staff with whom we spoke, this process did not always ensure agreement between parties on how the funds were used. Staffing and interpersonal issues aggravated these tensions. In addition, conflicts between the agencies resulted, in part, from disagreements regarding the applicability of University of Idaho research guidelines for animal handling (developed to meet United States Department of Agriculture requirements and geared

⁶ IDAHO CODE § 36-106(e) (2000).

⁷ The Wildlife Health Laboratory provides a facility for the department to conduct wildlife disease research and hold animals involved in this research. Laboratory staff also perform forensic research to support the department's enforcement efforts, and are involved in the department's wildlife health assessment work.

⁸ IDAHO CODE § 36-107(a) (1994). The Caine Center is primarily a teaching clinic for veterinary students from Idaho, Oregon, and Washington, and conducts a variety of research projects concerning domestic livestock. The Caine Center also assists the department by providing diagnostic and other services.

Figure 1: Key Events in Idaho State Agency Wildlife Disease Research, 1988–2000

<u>Date</u>	<u>Event</u>	<u>Purpose</u>
Legislative session 1988	HB 595	Authorized establishment of a state wildlife veterinarian position on July 1, 1989; specified that the position would be jointly funded by Fish & Game and Agriculture.
Legislative session 1989	HB 133	Amended statutes concerning the state wildlife veterinarian position: specified that the veterinarian's duties would include addressing wildlife disease issues and coordinating disease prevention work between Fish & Game and Agriculture; specified that any moneys expended by Fish & Game on wildlife disease research must be agreed upon by Fish & Game and Agriculture.
July 1990	Fish & Game provides \$70,000 to Caine Center	To provide support for research concerning <i>Pasteurella</i> , a disease that affects both domestic and wild sheep; to support serological surveys on wild and domestic sheep.
May 1991	Memo of Understanding (U of I, IDFG)	To document agreement that Fish & Game could lease 26 acres from the University of Idaho to establish the Wildlife Health Laboratory near the University's Caine Center.
May 1991	Fish & Game provides \$72,000 to Caine Center	To continue support for <i>Pasteurella</i> research and serological surveys; to support care, maintenance, and sampling of animals at Fish & Game's Wildlife Health Laboratory.
Legislative session 1992	HB 600	Authorized annual transfer of \$100,000 from Fish & Game to the Caine Center for research regarding disease interactions between wildlife and domestic livestock jointly agreed upon by the Caine Center and the state wildlife veterinarian.
1992–1998	Annual allocation and use of \$100,000 transfer	\$100,000 annual allocation for disease research used to support projects and research facilities at the Caine Center and the Wildlife Health Laboratory; process for allocating funds informal; tensions regarding the transfer and use of these funds.
Legislative session 1999	HB 11 (held in committee)	Pre-filed by Fish & Game: proposed eliminating the \$100,000 annual allocation to the Caine Center. Ultimately, Fish & Game asked that the bill be held so it could work cooperatively with the Caine Center.
April 1999	Wildlife Disease Research Oversight Committee formed	Established informally by the agencies involved in wildlife disease research; committee includes the Director of the Caine Center, the State Wildlife Veterinarian, and management representatives from Fish & Game, Agriculture, and the University of Idaho.
June 1999	Oversight Committee Meeting	Selected five research projects to be supported with the \$100,000 allocation in fiscal year 2000 for research regarding disease interactions between wildlife and domestic animals.
August 2000	Oversight Committee Meeting	Selected four research projects to be supported with the \$100,000 allocation in fiscal year 2001 for research regarding disease interactions between wildlife and domestic animals.

Source: Office of Performance Evaluations analysis of Idaho Code, legislative committee minutes, and documents received from the University of Idaho Animal and Veterinary Science Department.

toward domestic animals) to the Department of Fish and Game's Wildlife Health Laboratory.⁹

Since the beginning of 1999, the Department of Fish and Game and the other agencies involved in wildlife disease research have taken steps to establish more cooperative working relationships.

- In 1999, the state wildlife veterinarian, the director of the Caine Center, and management of the Department of Fish and Game, the Department of Agriculture, and the University of Idaho's Department of Animal and Veterinary Science established an informal Wildlife Disease Research Oversight Committee. The committee developed a process for determining how the Caine Center's \$100,000 annual allocation for wildlife disease research is used each year.¹⁰ It has used this process to jointly select research projects for funding in fiscal years 2000 and 2001.¹¹ The Oversight Committee also has strengthened project oversight, requiring the involvement of a Caine Center researcher in all projects supported with the wildlife disease research funds, and the submission of progress reports to the committee at the end of the project term. Decisions concerning project selection and oversight are recorded in committee minutes.

⁹ The Wildlife Health Laboratory leases 26 acres from the university and cooperates with the university on research projects conducted under the university's research license.

¹⁰ The process requires applicants to submit formal written proposals outlining project objectives, expected benefits, the timetable for completion, and detailed budgets. Committee members are to rate proposals based on a variety of factors, including the relevance of the proposed research to disease interactions between wildlife and domestic livestock and the adequacy of overall funding for the project.

¹¹ In fiscal years 2000 and 2001, the Oversight Committee agreed to fund six research projects, including research concerning susceptibility of mule deer to scrapie infection, infection and transmission of brucellosis in elk, and genetics and virulence of *Pasteurella* in domestic and wild sheep. Three projects funded in fiscal year 2000 received additional funding in fiscal year 2001.

- In 1999, the state wildlife veterinarian developed modified research guidelines for animal handling at the Wildlife Health Laboratory to satisfy federal requirements with which the university must comply. These guidelines have been submitted to the university for review.

While relations between the various agencies involved in wildlife disease research have improved, some tensions remain. For example, Oversight Committee members do not all agree on the committee's role in overseeing the Department of Fish and Game's Wildlife Health Laboratory. Although some committee members suggest the committee is to play a role in reviewing the Wildlife Health Laboratory's research policies and protocols related to use of animals to ensure compliance with the university's research license and animal care and use guidelines, others believe the committee's role is limited solely to determining how the funds allocated to the Caine Center under Idaho Code § 36-107(a) are used. In addition, the director of the Caine Center drew attention to duplicate equipment at the two facilities and questioned whether the state could afford to conduct wildlife disease research at both facilities.

Establishment of the Oversight Committee appears to have improved cooperation and communication between the agencies involved in wildlife disease research. In fact, representatives from each of these agencies agreed that interagency relations have improved significantly since the Oversight Committee was established. However, the committee was established informally and there is no assurance its efforts will continue if circumstances, or the individuals involved in the committee, change. Furthermore, as an informal group, the Oversight Committee does not report to policymakers.

Therefore:

We recommend the Department of Fish and Game work with the other agencies involved in wildlife disease research to develop a formal agreement regarding the Wildlife Disease Research Oversight Committee's role and report the committee's progress to policymakers.

Office of Performance Evaluations

Consistent with Idaho Code § 67-461(2), the Idaho Department of Fish and Game, the Department of Agriculture, the University of Idaho Caine Center, and the Governor were given the opportunity to review this report (or pertinent sections) in advance and respond in writing. The Department of Fish and Game responded, and its response is included below. We appreciate the cooperation we received from the Department of Fish and Game, the Department of Agriculture, the University of Idaho, and local and national representatives of the Foundation for North American Wild Sheep.



IDAHO FISH & GAME

600 South Walnut
P.O. Box 25
Boise, Idaho 83707-0025

November 13, 2000

Dirk Kempthorne / Governor
Rod Sando / Director

Ms. Nancy Van Maren, Director
Office of Performance Evaluation
Statehouse Mail

Dear Ms. Van Maren:

Thank you for the opportunity to discuss with you and your staff the final draft of your study, "A Review of Selected Wildlife Programs at the Department of Fish and Game." We understand that your report will be presented to the Joint Legislative Oversight Committee on November 27, and that this response will be included in the report.

We concur with your finding that our administration of the bighorn sheep tag lottery and the tag auction program should be strengthened. We are developing a process to ensure that the lottery and auction tag program will document the income received and validate proper expenses. This is in line with the efforts of the Commission, Director, and Department staff to improve our accounting and oversight practices in all of our programs.

We agree that the authorizing statute is not precise on the handling of revenue when a tag is "donated back" and reauctoned. We will clarify this through modification of our agreement with the National Foundation for North American Wild Sheep. In addition, we will request that the Idaho Attorney General's Office provide advice to us on the 1994 reauction.

You observe that the Wildlife Health Lab and other units participating in wildlife disease research have improved their relations in recent years, helped in large part by the informal oversight committee. You indicate that formalizing the committee could help ensure continued progress. We will work with those involved to this end, and will be happy to report to the germane Legislative Committees as requested.

Last, we note that further examination suggests that the cost of processing refunds to unsuccessful applicants for moose, goat, and sheep controlled hunts is lower than originally indicated. We understand that you may address that topic in a separate management letter.

Thank you again for your efforts in assisting us to improve the management of Idaho's wildlife programs.

Sincerely,

John Burns, Chairman
Idaho F & G Commission

Rod Sando, Director
Idaho F & G Department